

**SENATE BILL**

**No. 13**

**Introduced by Senator Ashburn**

May 19, 2005

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An act to relating to public employee retirement systems.

LEGISLATIVE COUNSEL'S DIGEST

SB 13, as introduced, Ashburn. Public employees' retirement: contingency reserves.

Existing law creates retirement systems for state and local public agencies, and both employers and employees make contributions to these systems for the purpose of funding benefits. Existing law provides for the employer contribution rates under the Public Employees' Retirement System to be determined annually by the actuary of the Board of Administration of the system.

This bill would authorize the Board of Administration of the Public Employees' Retirement System and the retirement boards of city, county, city and county, and district retirement systems to create Pension Contribution Stabilization Accounts, as specified. These accounts would be funded by employer contributions, as specified, and the moneys in them would be used to supplement employer contributions in years when accrued liabilities exceed the actuarial value of the retirement system's assets. The funds would be used solely for paying liabilities that would be otherwise unfunded.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

SECTION 1. The Board of Administration of the Public Employees' Retirement System and the retirement boards of city, county, city and county, and district retirement systems are authorized to create Pension Contribution Stabilization Accounts that have the following characteristics:

(a) The Pension Contribution Stabilization Account shall be funded in years when the actuarial value of the retirement system's assets exceeds its accrued liability. Continued employer contributions shall be required at this time and these moneys shall be placed in the Pension Contribution Stabilization Account. The combined contribution of an employer and employee at this time shall equal a minimum of \_\_\_\_ percent of each employee's gross compensation.

(b) In years when the actuarial value of a retirement system's assets does not exceed its accrued liability, funds in the Pension Contribution Stabilization Account shall be used to supplement the employer contributions. No contribution shall be made to the Pension Contribution Stabilization Account in these times.

(c) Funds in the Pension Contribution Stabilization Account shall be used solely for paying liabilities that would be otherwise unfunded, and the funds are prohibited from use for leveraging increased benefits or reducing employee contributions.

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